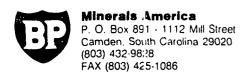
BP MINERALS AMERICA

Minerals Exploration - Camden Office



August 17, 1988 Certified Mail # P 718 978 036

Mr. Joe P. Simpson President Catawha Timber Company P.O. Box 128 Catawha, SC 29704

Dear Mr. Simpson:

Advance Minimum Royalty Payment for Exploration Agreement With Option To Lease, Dated September 1, 1985 148.02 acres, McCormick County, South Carolina

Please find enclosed check number 515 in the amount of sixteen thousand three hundred forty-three and 49/100 dollars (\$16,343.49) drawn on the account of BP Minerals America (formerly Amselco Minerals Inc.). This check constitutes the advance minimum royalty payment due September 1, 1988, on your 148.02-acre tract, pursuant to the above referenced Agreement.

Following are the calculations used to derive the payment listed above. In accordance with Article 5 b. of the above referenced Agreement, advance minimum royalty payments, are adjusted to the Consumer Price Index for all Urban Consumers from the effective date of the said Agreement, September 1, 1985. The index for September, 1985 is 108.3 and the most recent index is 118.0 for June 1988. Divide 118.0 by 108.3 equals 1.089566. Then multiply times \$15,000, the original payment, and the result is \$16,343.49, current payment due.

Flease feel free to contact me should you have, any questions.

Sincerely,

BP Minerals America

(formerly Amselco Minerals Inc.)

enns W. K. Martin

Landman

WKM/sl

Enclosure

C. J. Duskin

C. R. Watkins